



## STATE OF COLORADO

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### **Independent Auditor's Report**

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were not able to obtain certain year-end accounting records supporting the financial activities of the Scholars Choice Fund and were not able to satisfy ourselves as to those financial activities through other auditing procedures. Year-end accounting records of the Scholars Choice Fund must be reconstructed due to losses suffered in the September 11, 2001 events. Financial activities of the Scholars Choice Fund represent two percent and nine percent of the assets and revenue, respectively, of the State's Fiduciary Funds.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain year-end accounting records of the Scholars Choice Fund, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section, graphic presentation, and statistical section were not audited by us and, accordingly, we do not express an opinion on them.